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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6013
RUEHBJ/AMEMBASSY BEIJING 3707
RUEHKO/AMEMBASSY TOKYO 3566
RUEHIT/AMCONSUL ISTANBUL 4255
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1322
RUEHVEN/USMISSION USOSCE 4194

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001622

SIPDIS

STATE FOR SCA/CEN; EEB;
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: DECL: 12/16/2019
TAGS: [EPET](#) [ECON](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#)
SUBJECT: TURKMENISTAN: EXXONMOBIL SETTING UP SHOP IN
ASHGABAT

REF: ASHGABAT 1495

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

¶1. (C) On December 15, EconOff met with ExxonMobil representatives tasked with opening an office in Ashgabat. Company reps expressed frustration with finding available office space in the Turkmen capital, adding that they did not find anyone who seemed "excited to rent." They asserted that they had opened many offices across the world, but the perceived indifference by Turkmen landlords took them aback. They added that they had the impression that potential landlords seemed to be "holding out" for bigger opportunities down the road, but company reps were not sure what landlords were waiting for. According to ExxonMobil reps, they were told that given the shortage of office space in the capital, foreign companies generally do not negotiate on price. At the same time, U.S. businesses which already have offices in Ashgabat have indicated that agreeing on the rental price is generally the main sticking point, stressing that Turkmen landlords are aware that demand for good office space is high and supply is low, resulting in fairly high rent for foreign companies.

¶2. (C) ExxonMobil was recently registered by the GOTX as an official foreign company with permission to conduct business in Turkmenistan, since selling its interest in a production sharing agreement to the British Burren Energy in 2000. Over the last year, ExxonMobil executives renewed their interest in Turkmenistan, particularly in the area of developing the country's vast natural gas deposits. Company officials felt that opening an office was the next logical step in rebuilding commercial relations with the Turkmen (reftel). (NOTE: Although ExxonMobil reps have told us that the GOTX will not hold ExxonMobil's 2000 decision to leave the country against them, GOTX officials still raise the issue in meetings with company reps. END NOTE.)

GOTX REQUIREMENTS FOR OPENING AN OFFICE

13. (C) Once ExxonMobil finds suitable office space, it still will have several governmental requirements that all companies must meet before officially opening the office. First, the company must submit an application to establish a representative office, signed by the head of the office. The company must include its intended line(s) of business in Turkmenistan and information about the company with an overview of the company's business activities. The head of the office must also provide a written and signed decision to open an office along with the application. Next, the office head must submit two signed copies of the office charter in Turkmen and Russian.

14. (C) The office head must also submit a personal information form and provide a 3X4 cm photo, as well as a copy of his/her passport. A duly certified power of attorney for the head of the representative office must be registered with the government. Finally, a copy of the company's Turkmen license to operate, an original copy of the company's official Turkmen registration, and an official financial status report must be legalized by a Turkmen consulate or embassy overseas, or by the Ministry of Foreign Affairs in Ashgabat. Failure to provide any of the above documentation will delay or could prevent the office from being approved. Local contacts involved in real estate businesses in Ashgabat have told us that the many bureaucratic requirements for opening offices exist primarily to create opportunities for graft.

15. (C) COMMENT. The ExxonMobil reps noted that just

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registering the company took nearly a year, and they were concerned that opening an office could take several months or more. In 2009, the World Bank ranked Turkmenistan near the bottom of its Ease of Doing Business list (137 out of 145 countries) -- a fact borne out by the experiences of ExxonMobil and other U.S. companies attempting to open offices in Ashgabat. END COMMENT.
CURRAN